



NOTES FROM THE:

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The 33rd Annual Department of Defense Cost Analysis Symposium (ADODCAS), was held in Williamsburg, Virginia, in early February. This event was a great opportunity for cost analysis professionals to develop their technical skills, and discuss issues of general interest to the government financial management community. The symposium had three training tracks; an intermediate cost analysis track, an advanced cost analysis track, and a theme-related track. This year's theme was Force Structure Costing, particularly apt due to the approaching Quadrennial Defense Review (QDR).

Individuals from across Services attended the theme-related training sessions. A panel discussion led by the OSD Cost Analysis Improvement Group (CAIG) provided an overview of what the DoD infrastructure consists of and issues related to the upcoming QDR. The panel defined infrastructure as the activities that provide support or control of military forces from fixed locations. Though these activities do not directly apply combat power, combat forces can not be equipped, trained, or deployed without them. Due to the limited ability to reduce support infrastructure without affecting forces, the pace of reduction is slowing and aside from further BRAC actions, most of the savings remaining is located in competitive and strategic sourcing. The panel reviewed the status of DoDs ability to estimate infrastructure costs. While models exist for looking at all aspects of infrastructure, there is no single, integrated tool allowing a consistent look.

The tools DoD uses to estimate force costs have tended to take an aggregate, top-down approach. The granularity achievable with these tools is ill suited to the changed military environment: new missions, new types of units, new systems. Unit-based force and infrastructure costing is an approach that seeks to link capabilities to costs at a low level. By tracking cost drivers, we can see how manning assumptions, equipment types, and ops tempo will affect cost. Existing tools are more suited for steady-state peacetime operations. The current operations (i.e., peacekeeping) require accurate methods of contingency costing. Underway is an effort to provide a tool for financial manag-

ers to calculate costs above normal day-to-day operations. Experience in Bosnia showed estimating contingency cost errors attributable to 3 main causes: changed missions, errors on cost factors, and activities not considered. The new tool will alleviate the latter two factors.

The Air Force Cost Analysis Agency (AFCAA) has been researching ways to better integrate the needs of customers with the tools used and the data available to perform estimates. One of the primary models is SABLE—Systematic Approach to Better Long-range Estimating. This model targets quick-turn squadron level changes to force mix. Other estimating models, such as ACEIT or PRICE target acquisition. Historically-based cost estimating relationships (CERs), Air Force Cost Analysis Improvement Group's flying hour factors, and tables in AFI 65-503 are other tools available. However, these tools are limited to analyzing only a portion of Air Force total obligation authority (AF TOA) where a more comprehensive system is required. This is why the Comprehensive Force Structure Cost Model is needed. When finished, this tool expects to provide a life cycle cost model that captures changes to AF TOA (including infrastructure and support costs) with respect to force structure changes.

A key aspect of ADODCAS was Service Day. This provided me an opportunity to discuss specific issues of interest to Air Force members. I provided an overview of upward and downward pressures on the Air Force budget. In addition, the AFCAA provided presentations illustrating the difficulties involved in obtaining accurate operations and support (O&S) costs, current earned value management initiatives, development of the force cost model, and the Air Force program projection. Finally, Col Gordon Kage discussed professional development within the financial management career field.

The 33rd ADODCAS was a success, providing training and insight into defense issues, as well as providing an opportunity to associate with individuals from financial management across the DoD. For further information about the symposium, reference the web site at www.ra.pae.osd.mil/adodcas/.